

**STATEMENT OF PROCEEDINGS FOR THE  
REGULAR MEETING OF THE  
CITY OF MAYWOOD OVERSIGHT BOARD**

**CITY OF MAYWOOD  
CITY COUNCIL CHAMBERS  
4319 EAST SLAUSON AVENUE  
MAYWOOD, CALIFORNIA 90270**

**Wednesday, July 11, 2012**

**9:30 AM**

AUDIO LINK FOR THE ENTIRE MEETING. (12-3433)

**Attachments:** [Audio](#)

**I. CALL TO ORDER**

**Chair Lilian Myers, called the meeting to order at 9:33 a.m.**

**II. ROLL CALL**

Present: Chair Lilian Myers, Vice Chair Oscar Magaña, Eduardo Adame,  
Andrew Sanchez, John Walsh and Louisa Ollague

Absent: Sam Pedroza

**III. PLEDGE OF ALLEGIANCE**

**Board Member Eduardo Adame led the Pledge of Allegiance.**

**IV. STAFF COMMUNICATIONS**

**Yolanda Summerhill, Legal Counsel to the Successor Agency, informed the Oversight Board, in light of the new legislation AB 1484, Successor Agency received a demand for payment from the ' Auditor Controller's Office for Tax Increment due the last six months. Ms. Summerhill stated that the Successor Agency felt there was a discrepancy, but being obligated under State Law to make payment by Thursday, July 12, 2012, or suffer a penalty. The Successor Agency will make payment of approximately \$500,000 along with a letter of protest to be placed on record.**

**V. PUBLIC PARTICIPATION (AGENDA ITEMS ONLY)**

At this time speakers wishing to address the Oversight Board on an item on the agenda will be called upon in the order that the speaker card is received. The maximum time allotted for individuals to speak shall not exceed three (3) minutes.

**No members of the Public addressed the Oversight Board at this time.**

**VI. ADMINISTRATIVE MATTERS**

1. Recommendation: Approve the minutes from the Special Meeting of May 9, 2012 and May 23, 2012. (12-2495)

**Board Member Ollague requested an overview of the minutes by Administrative Staff on how the votes were being captured for each line item on the Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 31, 2012 (ROPS II).**

**Ivonne Umana, Administrative Staff, walked through the vote of each line item of the ROPS II, with an overall vote of the ROPS.**

**On motion by ViceChair Magaña, seconded by Board Member Ollague, this item was approved.**

**Ayes:** 5 - Chair Myers, Board Member Magana, Board Member Adame, Board Member Sanchez and Board Member Ollague

**Abstentions:** 1 - Board Member Walsh

**Absent:** 1 - Board Member Pedroza

**VII. DISCUSSION ITEMS**

2. Status report on the Department of Finance response to the Former Agency's Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012. (12-2702)

**Andre Dupret, Project Manager, City of Maywood, addressed the Oversight Board and presented a verbal report indicating that the City had received notice from Department of Finance that the Recognized Obligation Payment Schedule for the period of January 2012 through June 2012 and July 2012 through December 2012 (ROPS) were approved and the Successor Agency was issued a check, at which Chair Myers expressed her appreciation to all involved in getting the ROPS approved, adding her surprise it had been approved.**

**By Common Consent, there being no objection (Board Member Pedroza being absent), the Oversight Board accepted Mr. Dupret's verbal report.**

**3. Review and discuss the Successor Agency Administrative Budget. (12-3168)**

**Andre Dupret, Project Manager, City of Maywood, presented for discussion, a report of the Successor Agency's Budget, which was submitted to the City Council at a Special Meeting held on July 7, 2012, and gave a brief overview of the Budget Report.**

**Board Member Adame requested a breakdown of salary per person and legal services. Mr. Dupret would provide the information for review at the next Oversight Board meeting.**

**Board Member Adame also noticed that legal fees for the Oversight Board were not included in the Budget report and enquired if it will be included in a future report. Chair Myers addressed his concern and informed the Oversight Board that it has not been discussed by the Board but will be placed on a future agenda for discussion to provide direction to the Successor Agency Staff.**

**Board Member Ollague questioned what services were being provided under Operating Expenses, Professional Services. Mr. Dupret informed the Oversight Board that he was part of the Professional Services.**

**Board Member Ollague also requested what interest rate was being paid on the Bond Debt and what the City is charging the former Redevelopment Agency. Mr. Dupret advised the Oversight Board that he will provide the rate at the next meeting and added that the balance of the loan from the General Funds to the former Redevelopment Agency is \$3,860,903.**

**Board Member Walsh questioned how does the Successor Agency will go about to renegotiate the interest rate to a lower interest rate. Chair Myers suggested that this question would be agendized at the next meeting for discussion.**

**Board Member Ollague requested the Successor Agency to provide at the next meeting an expenditure to date focusing on Personnel and Operating Expenses for 2011-12.**

**By Common Consent, there being no objection (Board Member Pedroza being absent), the report was received and filed and instructed the Successor Agency to place on the next agenda for discussion (1) legal services/fees for the Oversight Board, (2) renegotiate the Bond Debt interest rate to a lower interest rate, and (3) provide an expenditure to date focusing on Personnel and Operating Expenses for 2011-12.**

4. Report on AB 1484 (Committee on Budget), legislation with authorizes the establishment of redevelopment agencies in communities to address the effects of blight, and, among other things, provides that an action may be brought to review the validity of specified agency actions, findings, or determinations that occurred after January 1, 2011, within two years of the triggering event. (12-3155)

**Yolanda Summerhill, Legal Counsel to the Successor Agency, presented a report on AB 1484, informing the Oversight Board with the following highlights of the legislation, including timelines, giving the State Department of Finance a stronger authority over Cash Flow issues:**

- **Statute of Limitations on bringing any actions by the Former RDA**
- **Sets out specific prohibited activity by the Former RDA**
- **Defines what a “City” is to include (City Auditor reviewing documents would have certain reporting requirements in behalf of the City, even if not part of the Agency)**
- **Clarifies that the Successor Agency is a distinct separate legal entity**
- **Allows City to loan funds to Successor Agency to pay off debts that are owed**
- **Department of Finance and State Auditor have the authority to review any actions that were taken by Successor Agency**
- **Specifies the Successor Agency has to prepare ROPS, submit the ROPS to the Oversight Board for approval, and copies of the ROPS must be submitted to the following agencies by specific due dates, or the Successor Agency will be penalized if deadlines and specific due dates are not met: County Auditor Controller, Department of Finance and the State Auditor Controller**
- **Does not give the authority to create new Enforceable Obligations for any agreement entered into after June 2011.**
- **Allows, with Oversight Board approval, for the Successor Agency to issue Bonds to pay off existing debt, and how those Bond Proceeds are being used to pay off the debts, which would also need the Oversight Board’s approval.**
- **Validates agreements between any City and RDA, or any Public Agency and RDA.**
- **Requirements in the event that Successor Agency wants to maintain Housing Assets, under the Housing Authority, the Department of Finance has final approval on the legitimacy of transferring those assets to the Housing Authority**

- Allows the Department of Finance to review Oversight Board actions
- Provides for a Due Diligence review, to require an Independent Licensed Accountant to review the actions of the Successor Agency and their ROPS.

Ms. Summerhill then reviewed with the Oversight Board some of the AB 1484 Timelines, in regarding the Successor Agency:

- July 12, 2012 - Successor Agency to make payment of approximately \$500,000 to the Auditor Controller
- July 16, 2012 - Auditor Controller must distribute funds to Alternate Taxing Entities
- August 1, 2012 - Housing Authority, presuming they maintain any Housing Assets, would have to report to the Department of Finance with justification of maintaining those Housing Assets.
- September 1, 2012 - Recognized Obligation Payments Schedule (ROPS III) is due
- October 1, 2012 - Successor Agency to provide the Oversight Board, Auditor Controller, and Department of Finance the results of all reviews conducted

Board Member Ollague questioned the Successor Agency and its Legal Counsel if they have seen any documentation pertaining to setting a “Cap” on interest rates, if there had been any current talk of a “Cap” being placed on interest rates, and how does anyone go about renegotiating the 12% interest rate being charged by the City.

Ms. Summerhill responded to the Oversight Board that due to the Brown Act, she was reluctant to have the Successor Agency discuss or address an item not on the Agenda, but did inform the Oversight Board that any agreement or contract that was previously in place, prior to enactment of legislation, cannot be changed, and the new legislation does not say that interest rate no longer exist, unless the agreement or contract was renegotiated.

Board Member Walsh then addressed the Oversight Board and reminded that the Oversight Board has the authority to renegotiate an agreement, as part of the Oversight Board’s responsibility to ensure Tax Increments are being distributed properly to the extent that the subsidizing City and the greater interest should therefore create an excess amount of revenues for the entities. Ms. Summerhill responded that on behalf of the Successor Agency, this particular subject of renegotiation should be placed on an agenda to be addressed. Board Member Ollague then requested the

**Successor Agency and its Counsel in preparation for discussion of the aforementioned to do some research, and see if any legislation is proposing the setting of a "Cap", or if they are talking about setting a "Cap", and if so, what would be considered as appropriate.**

**By Common Consent, there being no objection (Board Member Pedroza being absent), Ms. Summerhill's report was received and filed and instructed the Successor Agency Staff to place on the next agenda for discussion the renegotiation of an agreement, its interest rates, and any information or documentation pertaining to any proposed "Cap."**

#### **VIII. PUBLIC COMMENTS**

- 5.** At this time speakers wishing to address the Oversight Board on an item that is not on the agenda will be called upon in the order that the speaker card is received. The maximum time allotted for individuals to speak shall not exceed three (3) minutes. Further, in accordance with State law, the Oversight Board may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to other and direct all of your comments to the Chair. (12-2703)

**No members of the Public addressed the Oversight Board at this time.**

#### **IX. ADJOURNMENT**

**The meeting adjourned at 9:59 a.m.. The next meeting for the City of Maywood Oversight Board is scheduled for Wednesday, August 8, 2012 at 9:30 a.m. in the City's Council Chambers.**